



1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE MAINE ECONOMY

The importance of small business to the state of Maine is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Maine had 34,662 businesses with employees; 97.7 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 70,000 self-employed persons in 1996, for an estimated total of 104,662 businesses.

Small Business Income - The income of sole proprietors and partners rose 4.6 percent to \$2.1 billion in 1996, while wage-and-salary income rose 3.8 percent. Total personal income rose 3.9 percent to \$15.5 billion. The state also exported \$1.2 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 48,200 women-owned businesses in Maine, including part-time firms, employing 91,700 people and generating \$10.2 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 85.3 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 79.4 percent from 1987 to 1992, totaling 235 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 207.2 percent during the same time period with 427 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 233 in 1987, to 483 in 1992, representing an 107.3 percent increase.

Business Turnover - The number of new firms decreased 0.3 percent, while new business incorporations increased 2.4 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 2.6 percent and business failures decreased by 5.7 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Maine decreased from 21 in 1994 to 20 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
UNITED BK	Bangor
KATAHDIN TC	Patten
KEY BK OF ME	Portland

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 83.2 percent of the small business growth with 30,266 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	25,443	4,823	986	5,142	(1,716)	34,678
Manufacturing	315	1,039	1,009	2,536	(4,184)	714
Retail Trade	5,874	959	17	(793)	(5,421)	635
Services	15,520	2,843	1,100	2,909	11,105	33,476
Other	3,734	(16)	(1,140)	490	(3,216)	(146)

Industries - The composition of small business in Maine is very diverse. The Health Services industry is the largest small business employer in Maine, followed by Eating & Drinking Places. The fastest growing industry for small business is Insurance Carriers (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Maine by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	419,774	100.0	61.0
Health Services	8000	56,927	13.6	54.7
Eating & Drinking Places	5800	28,930	6.9	88.7
Food Stores	5400	18,781	4.5	50.9
Business Services	7300	17,516	4.2	55.6
Paper & Allied Products	2600	14,991	3.6	10.4

Table 2, Top Five Small Business Industries in Maine by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	255,862	100.0	61.0
Health Services	8000	31,159	13.6	54.7
Eating & Drinking Places	5800	25,675	6.9	88.7
Social Services	8300	12,319	3.3	89.7
Special Trade Contractors	1700	10,398	2.5	98.6
Automotive Dealers & Gasoline Service Stations	5500	10,091	2.9	84.0

Table 3, Fastest Growing Industries for Small Business in Maine, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	253,871	255,862	1,991	0.8
Insurance Carriers	912	1,183	271	29.7
Paper & Allied Products	1,235	1,553	318	25.7
Fabricated Metal Products Except Machinery	1,644	1,936	292	17.8
Educational Services	4,476	5,047	571	12.8
Electric, Gas, & Sanitary Services	851	953	102	12.0

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.